

# AMENDMENT FORM

**COMMITTEE: FINANCE/EXECUTIVE**

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DATE: 7/1/09

Add Council member Winslow to the legislators

## AN ORDINANCE

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 AND NATALYN MOSBY ARCHIBONG

AN ORDINANCE TO AMEND THE CITY OF ATLANTA CODE OF ORDINANCES SECTION 2-371, OFFICE OF BUDGET AND FISCAL POLICY, SO AS TO CREATE A NEW SECTION 2-371(c); REQUIRING THE DEVELOPMENT AND ADOPTION OF A 2009-2014 FINANCIAL STABILIZATION PLAN BY OCTOBER 15, 2009; ADOPTING FISCAL STABILIZATION PRIORITIES, BY PREFERENCE, TO BE INCLUDED IN THE PLAN; REQUIRING ANNUAL ADOPTION OF THE PLAN PRIOR TO THE ANNUAL BUDGET ADOPTION; TO REPEAL CONFLICTING ORDINANCES; AND FOR OTHER PURPOSES.

- Whereas,** The City of Atlanta is facing unprecedented short and long-term budget challenges; and
- Whereas,** The Chief Financial Officer (CFO) for the Department of Finance has stated that the FY2010 budget must be viewed only as a first step in the financial recovery of the City; and
- Whereas,** The CFO has stated that the City's financial recovery will need to span several years, and that priorities will need to be established and considered before the City undertakes any new spending; and
- Whereas,** The CFO's comments are supported by recent audits, assessments and rating agency actions; and
- Whereas,** On April 1, 2008 the City's Internal Auditor submitted a performance audit report on the 2008 General Fund Budget process; and
- Whereas,** Among other things, the Internal Audit called for the City to establish policies to guide long and short-term financial planning and monitoring, which includes the

maintenance of fund balance; the use of non-recurring and surplus revenues; development of 5-year financial forecasts and interim financial reporting, and

**Whereas,** In January 2009, Deloitte Consulting conducted a pro-bono assessment of the DOF and provided recommendations for improvement, focusing solely on business processes, and did not review the financial condition of the City, and

**Whereas,** In March 2009, Moody's Investor Service downgraded to A1 from Aa3 and assigned a negative outlook to the City of Atlanta's general obligation rating, and

**Whereas,** Moody's stated that the rating for the City was downgraded based on the diminished financial position of the City's general fund, including the marked decline of fund balance levels, prolonged trend of structural imbalance and the indefinite resolution of inter-fund receivables related to accumulated deficits in other operating funds, and

**Whereas,** Moody's further stated that the rating could be upgraded and the negative outlook removed if the City develops and adopts a practical and achievable fiscal revenue plan that includes the near-term restoration of structural balance, replenishes the General Fund balance to satisfactory levels and demonstrates ability to maintain fund balance at enhanced levels; and

**Whereas,** Moody also cautioned that the City's governing board (council) reduced the operating millage rate by 21% from fiscal 2002 to fiscal 2007, resulting in a 5% aggregate decline in property tax revenues and that the City's ability to stabilize and strengthen the financial position of the General Fund will rely in part on the ability of the governing board and the city management to develop and institute a practical and achievable fiscal recovery plan, and

**Whereas,** In March 2009, Standard and Poor's (S&P) Rating Services also lowered its standard long-term rating and underlying rating on Atlanta's general obligation (GO) debt two notches to "A" from "AA-" based on a trend of operating deficits and declining revenues during a period of strong economic growth which leaves the City with diminished financial revenues and flexibility as it enters the current economic downturn; and

**Whereas,** S&P gave the City a stable outlook and stated that Atlanta's financial position has deteriorated over the past four years with unreserved fund balance that declined to its current \$5.7 million, or slightly above 1% of expenditures, from \$151.4 million, or 36% of expenditures, in fiscal 2004, and

**Whereas,** S&P stated that for the City to return to its previous rating will depend on management's ability to address long-term pressures and liabilities associated with its pensions, police overtime, and subsidies to the Sanitation and Emergency 911 funds, and

**Whereas,** To address these issues the City must establish guidelines and priorities to be contained in a comprehensive Financial Stabilization Plan.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA  
HEREBY ORDAINS** as follows:

**Section 1:** Section 2-371(c) of the Code of Ordinances is hereby created which shall provide as follows:

(c) The office of budget and fiscal policy shall be responsible for the development and implementation of strategic and long-range planning and economic forecasting in order to assist the Chief Financial Officer in the allocation of the city's financial resources. This office will guide multi-year planning/budgeting utilizing trend analysis projections for financial support of city-wide strategic financial initiatives including all City of Atlanta operating agencies.

1) In consultation with the Administration, the Office of Budget and Fiscal Policy shall be required to develop for consideration by the Finance/Executive Committee and adoption by Full Council, an annual Financial Stabilization Plan, covering a period of five years.

2) The initial 2009-2014 Financial Stabilization Plan shall be submitted to Council by October 15, 2009.

a) The initial plan shall include, but not be limited to, the following priorities in order of preference:

1. Elimination of all deficit positions in the funds supported by the General Fund and elimination of the Memorandums of Understanding of borrowing from the cash pool.
2. Identification of a funding source for additional police officers added in FY 2010 under the COPS program by 2013.
3. Examination and reduction of the amortization period of the Unfunded Actuarial Accrued Liability for all three pension plans.
4. Identification of a funding source to make lease payments to replace the City's rolling stock.
5. Reinstatement of cost of living increases for employees in order to retain quality personnel as the economy improves.
6. Identification of a funding source to repay any other obligation the City undertakes associated with Federal or State governments which require such repayments.
7. Establishment of a General Fund balance of \$100 million (rainy day fund).
8. Establishment of future Bond Issues to fund long term infrastructure needs of the City.

b) Following adoption of the 2009-2014 Financial Stabilization Plan, it shall be updated annually by the Office of Budget and Fiscal Policy.

1. The annual Financial Stabilization Plan update shall be submitted to the Finance/Executive Committee no later than October 15, 2009 of each year for consideration.

2. The Council shall hold a Work Session(s) to allow the Administration and the Office of Budget and Fiscal Policy to present the details of the Financial Stabilization Plan, in detail, to the full Council.
3. The plan shall be adopted by Council no later than the 3<sup>rd</sup> Monday in January of the current year.
4. In the last year of a term of office, the Financial Stabilization Plan shall be reintroduced by the Council for adoption by the newly seated Council.
5. Notwithstanding the above deadlines, the Council shall adopt the annual update plan prior to the adoption of the next fiscal year's General Fund budget.

**Section 2:** All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of any such conflict.

**Sec. 2-370. Divisions in the department of finance.**

The department of finance shall be responsible to the mayor and to the council, and shall consist of the following divisions:

- (1) Office of budget and fiscal policy;
- (2) Office of the controller;
- (3) Office of debt and investments;
- (4) Office of grant services;
- (5) Office of legislative and administrative services;
- (6) Office of quality control;
- (7) Office of revenue;
- (8) Office of strategic and financial planning.

(Ord. No. 2001-9, § 2, 2-13-01; Ord. No. 2002-71, § 69, 9-16-02; Ord. No. 2003-70, § 4, 5-27-03; Ord. No. 2005-19, § 1, 3-25-05; Ord. No. 2007-28(07-O-0712), § 2, 5-29-07)

**Sec. 2-371. Office of budget and fiscal policy.**

(a) In addition to the general qualifications set out in section 2-221, the chief of the office of budget and fiscal policy shall have the following qualifications:

- (1) Graduation from an accredited college or university with a baccalaureate degree and one year of graduate study in business administration, public administration, finance or a related field and experience in budget preparation, budget analysis, budget execution, financial analysis, financial management, management analysis or a related area; and
- (2) Eight years of experience at a supervisory level in the areas specified in subsection (1) of this section; and
- (3) Any equivalent combination of the qualifications set forth in subsections (1) and (2) of this section.

(b) The functions and duties of the office of budget and fiscal policy shall include but not be limited to: budget and management analysis, budget development and management for general government operations and enterprises, programmatic and operational analysis, support of CIP and capital projects management; analysis and forecasting, revenue forecasting, rate studies, and exploration of new revenue sources.

(Code 1977, § 7-1002(b); Ord. No. 2003-70, § 5, 5-27-03; Ord. No. 2005-19, § 1, 3-25-05; Ord. No. 2007-28(07-O-0712), § 3, 5-29-07)

**Sec. 2-372. Office of the controller.**

(a) In addition to the general qualifications set out in section 2-221, the controller shall have the following qualifications:

- (1) Graduation from an accredited college or university with a baccalaureate degree in accounting or a closely related field; and
- (2) A license to engage in practice as a certified public accountant in the State of Georgia; and
- (3) At least ten years of accounting and leadership experience with employment as a corporate or division controller; a chief financial officer; a director of internal auditing; or a reasonable equivalent thereof; or
- (4) Any equivalent combination of the qualifications set forth in subsections (1) through (3) of this section.

(b) The functions and duties of the office of the controller shall include but not be limited to: General accounting to include financial statement reporting, coordination of external audits, coordination of department of finance responses to compliance issues and development of financial policy and procedures; accounts payable, payroll, pension administration; records management, to include physical maintenance of records for city departments and risk management.

(Code 1977, § 7-1002(d); Ord. No. 2003-70, § 6, 5-27-03; Ord. No. 2005-19, § 1, 3-25-05; Ord. No. 2007-28(07-O-0712), § 3, 5-29-07)

#### **Sec. 2-373. Office of debt and investments.**

The functions and duties of the office of debt and investments shall be to oversee major functions of the city's financial position with primary responsibility for debt and investment activities and management of banking relationships. The office of debt investment is responsible for the management of the city's debt portfolio and cash and investment functions to include debt management, long term financing plans, debt issuance, analysis and management of existing debt, liaison with financial advisors, bond rating agencies and investors. The responsibilities of this office also include evaluations and the development of recommendations to improve the city's finances and citywide administration thereof, procedures, policies and programs.

(Code 1977, § 7-1002(e); Ord. No. 2003-70, § 7, 5-27-03; Ord. No. 2005-19, § 1, 3-25-05; Ord. No. 2007-28(07-O-0712), § 3, 5-29-07)

#### **Sec. 2-374. Office of grant services.**

The functions of the office of grant services shall include grants management, management of HUD grants, state pass thru grants, other applications and the allocation process, management of implemented projects for compliance with grantor requirement and legal mandates. This office also provides coordination and management support to other grants and special revenues; coordinates and applies for new grants from federal and state foundations and private entities.

(Code 1977, § 7-1002(f); Ord. No. 2003-70, § 8, 5-27-03; Ord. No. 2005-19, § 1, 3-25-05; Ord. No. 2007-28(07-O-0712), § 3, 5-29-07)

#### **Sec. 2-375. Office of legislation and administrative services.**

The office of legislation and administrative services manages functions associated with legislation/research coordination, responds to open records request, human resource administration, staff recruitment and training, background investigations, conducts internal staff investigations, procurement, organization design, space management, and coordinates special projects.

(Ord. No. 2005-19, § 1, 3-25-05; Ord. No. 2007-28(07-O-0712), § 3, 5-29-07)

#### **Sec. 2-376. Office of quality control.**

The functions of the office of quality control shall include managing the city's credit card program, completing bank reconciliations and managing the implementation of recommendations in the management letter issued by the outside auditors in conjunction with the city's annual audit.

(Ord. No. 2007-28(07-O-0712), § 4, 5-29-07)

#### **Sec. 2-377. Office of revenues.**

The functions and duties of the office of revenue shall include, but not be limited to: billing and collections including billing of fees, taxes, rents, etc.; managing accounts receivable, managing outside collection efforts, revenue auditing, and audits of business license fees and tax payments.

(Ord. No. 2007-28(07-O-0712), § 4, 5-29-07)

**Sec. 2-378. Office of strategic and financial planning.**

The functions of the office of strategic and financial planning shall include the development and implementation of strategic and long-range planning and economic forecasting in order to assist the CFO in the allocation of the city's financial resources. This office will guide multi-year planning/budgeting utilizing trend analysis projections for financial support of city-wide strategic financial initiatives including all City of Atlanta operating agencies.

(Ord. No. 2007-28(07-O-0712), § 4, 5-29-07)

Secs. 2-379--2-395. Reserved.